



## FY3/21 Financial Statements [J-GAAP]

May 13, 2021

Company name: Matsuda Sangyo Co., Ltd. Exchanges listed on: Tokyo Stock Exchange (First Section)  
 Company code: 7456 URL: <https://www.matsuda-sangyo.co.jp>  
 Representative: President Yoshiaki Matsuda  
 Inquiries: Executive Officer/ Yoshinori Tanaka TEL: +81-3-5381-0728  
 General Manager of IR Dept.  
 Date of regular shareholders' meeting: June 24, 2021  
 Date of filing the financial report: June 24, 2021  
 Expected dividend payment date: June 25, 2021  
 Supplementary materials for financial results prepared: Yes  
 Results briefing for financial results held: Yes (A video of the results briefing is scheduled to be uploaded to the Company's website on May 27, 2021)

(Figures are rounded down to the nearest million yen)

### 1. FY3/21 Consolidated results (April 1, 2020 – March 31, 2021)

(1) Consolidated operating results (Percentages are year-on-year changes)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
FY3/21	231,559	9.8	8,038	28.8	8,369	31.1	6,098	50.7
FY3/20	210,976	1.3	6,241	26.1	6,384	25.3	4,046	19.3

(Note) Comprehensive income: FY3/21 6,398 million yen (+166.5%) FY3/20 2,401 million yen (-22.2%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit / total assets	Operating margin
	(yen)	(yen)	(%)	(%)	(%)
FY3/21	232.68	—	9.7	8.4	3.5
FY3/20	153.66	—	6.8	7.3	3.0

(Reference) Equity in earnings or losses of affiliates: FY3/21 289 million yen FY3/20 106 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/21	104,265	65,605	62.8	2,510.64
FY3/20	94,509	60,527	63.9	2,294.82

(Reference) Shareholders' equity: FY3/21 65,494 million yen FY3/20 60,428 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
FY3/21	185	(3,181)	261	8,803
FY3/20	(422)	(2,674)	6,848	11,652

### 2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/net assets (consolidated)
	Q1	Q2	Q3	Q4	Annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(millions of yen)	(%)	(%)
FY3/20	—	17.00	—	17.00	34.00	842	22.1	1.5
FY3/21	—	18.00	—	20.00	38.00	919	16.3	1.6
FY3/22 (projections)	—	21.00	—	21.00	42.00		18.0	

### 3. Consolidated earnings projections for FY3/22 (April 1, 2021 – March 31, 2022)

(Percentages are year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
1H FY3/22	110,000	(1.5)	4,000	9.0	4,200	14.0	3,000	9.7	115.00
FY3/22	230,000	(0.7)	8,200	2.0	8,600	2.8	6,100	0.0	233.83

(Note) Effective from the start of FY3/22, the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29). The above consolidated earnings projections reflect the new accounting standard.

#### \* Notes

(1) Material changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting from changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatement of revisions

1) Changes in accounting policies with revision of accounting standards:	No
2) Changes in accounting policies other than the above:	No
3) Changes in accounting estimates:	No
4) Restatement of revisions:	No

(3) Number of issued shares (common shares)

1) Number of issued shares (including treasury shares)	FY3/21	28,908,581 shares	FY3/20	28,908,581 shares
2) Number of treasury shares	FY3/21	2,821,968 shares	FY3/20	2,575,930 shares
3) Average number of shares during the period	FY3/21	26,207,985 shares	FY3/20	26,332,705 shares

(Reference) Summary of non-consolidated results

#### 1. FY3/21 Non-consolidated results (April 1, 2020 – March 31, 2021)

(1) Non-consolidated operating results (Percentages are year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	(millions of yen)	(%)						
FY3/21	221,960	10.7	5,681	14.5	6,644	13.0	5,040	19.5
FY3/20	200,590	2.2	4,961	20.7	5,881	33.3	4,216	41.6

	Net profit per share	Diluted net profit per share
	(yen)	(yen)
FY3/21	192.33	—
FY3/20	160.12	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/21	93,747	57,188	61.0	2,192.26
FY3/20	84,158	53,291	63.3	2,023.79

(Reference) Shareholders' equity: FY3/21 57,188 million yen FY3/20 53,291 million yen

\*This kessan tanshin document is outside the scope of audit procedures conducted by certified public accountants and the independent auditor.

\*Explanation of the proper use of earnings projections and other notes

- This document contains earnings projections and other information that constitute forward-looking statements. These statements are based on reasonable assumptions and information currently available to the Company and provide no guarantee of future performance. Actual results may differ materially from forward-looking statements due to a number of factors. For more information about earnings projections, please refer to "1. Operating results and others (4) Future outlook" on page 4 of the attached documents.

- The FY3/21 results briefing (for institutional investors and analysts) has been cancelled due to the COVID-19 pandemic. A video of the results briefing and results briefing materials are scheduled to be uploaded to the Company's website on May 27, 2021.

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## 1. Operating results and others

### (1) Analysis of operating results

Consolidated operating results	(millions of yen) [year-on-year comparison]		
Net sales	231,559	[ +20,583	+9.8% ]
Operating profit	8,038	[ +1,796	+28.8% ]
Ordinary profit	8,369	[ +1,984	+31.1% ]
Profit attributable to owners of parent	6,098	[ +2,051	+50.7% ]

During the consolidated fiscal year ended March 31, 2021, the Japanese economy continued to face challenging conditions, including weak consumer spending and a decline in earnings at non-manufacturers and other companies due to the coronavirus disease (COVID-19) pandemic. Despite signs of a pickup in domestic economic activity on the back of government stimulus measures, the outlook remains uncertain due to repeated restrictions on economic activity amid new waves of COVID-19 and trade tension between the US and China.

Against that backdrop, the Matsuda Sangyo Group (the Group) worked to prevent the spread of infection by prioritizing the health and safety of employees and all people associated with the Group, while also fulfilling its corporate social responsibility by working to expand the Group's businesses to support sustained growth and increase corporate value. The precious metals business segment stepped up marketing activities and actively used production sites in Japan and overseas to secure precious metals materials, boost sales of products such as precious metal chemical products and expand its industrial waste treatment outsourcing business. In addition, the food business segment fulfilled its responsibility of ensuring stable supplies amid concerns about supply chain disruption caused by the COVID-19 pandemic. The business also worked to expand sales volume by actively developing and providing products that address customer needs.

As a result, consolidated net sales increased 9.8% year on year to ¥231,559 million and operating profit rose 28.8% to ¥8,038 million. Ordinary profit, which includes share of profit of entities accounted for using equity method and other non-operating income, totaled ¥8,369 million, up 31.1% year on year, and profit attributable to owners of parent was ¥6,098 million, up 50.7% year on year.

The following is a summary of business by segment:

Consolidated results by segment	(millions of yen) [year-on-year comparison]		
Segment	Net sales		Operating profit
Precious metals business segment	153,087	[ +22,361 +17.1% ]	6,833 [ +1,899 +38.5% ]
Food business segment	78,550	[ -1,774 -2.2% ]	1,204 [ -103 -7.9% ]
Eliminations or corporate	(78)		—
Total	231,559	[ +20,583 +9.8% ]	8,038 [ +1,796 +28.8% ]

#### *Precious metals business segment:*

In the precious metals business segment, key customers in the electronics sector were affected by the COVID-19 pandemic, but production activity picked up in the electronic parts and devices field in the second half of the fiscal year, spurred by a recovery in the auto market, strong demand for PCs and servers amid an increase in working from home and other remote activities, and 5G infrastructure rollout. Against that backdrop, the amount of industrial waste treated on an outsourcing basis declined, but sales and operating profit both rose compared with the previous fiscal year, reflecting an increase in precious metals recycling volume, higher sales volumes for gold and other precious metal products, and a rise in precious metals prices.

As a result, net sales for the precious metals business segment increased 17.1% year on year to ¥153,087 million, and operating profit rose 38.5% year on year to ¥6,833 million.

#### *Food business segment:*

In the food business segment, consumer spending recovered for a time due to stay-at-home demand amid the COVID-19 pandemic, but key customers in the food processing sector faced tough conditions throughout the fiscal year, reflecting a drop in demand for commercial-use products amid sluggish sales in the food service industry and poor sales of food souvenirs, as well as a contraction in inbound demand. Against that backdrop, sales volume and sales of agricultural products increased and sales of livestock products rose, despite a drop in sales volume. However, sales overall declined compared with the previous fiscal year due to a drop in sales of seafood products, despite higher volumes.

As a result, net sales for the food business segment totaled ¥78,550 million (down 2.2% year on year) and operating profit decreased to ¥1,204 million (down 7.9% year on year).

#### (2) Analysis of financial position

##### *Assets:*

Current assets increased ¥8,083 million from the end of the previous fiscal year, mainly reflecting increases of ¥3,965 million for notes and accounts receivable – trade and ¥6,761 million for inventories, outweighing a decline of ¥2,848 million for cash and deposits. Non-current assets increased ¥1,672 million compared with the end of the previous fiscal year, mainly reflecting an increase of ¥1,330 million for property, plant and equipment related to the installation and upgrade of equipment at the Group's plants. As a result, as of March 31, 2021, total assets increased ¥9,756 million year on year to ¥104,265 million.

##### *Liabilities:*

Current liabilities increased ¥5,175 million from the end of the previous fiscal year, mainly reflecting increases of ¥1,846 million for accounts payable – trade, ¥1,984 million for short-term loans payable and ¥309 million for income taxes payable. Non-current liabilities decreased ¥498 million from the end of the previous fiscal year, mainly due to decreases of ¥213 million for long-term loans payable, ¥166 million for lease obligations and ¥164 million for net defined benefit liability. As a result, as of March 31, 2021, total liabilities increased ¥4,677 million year on year to ¥38,659 million.

##### *Net assets:*

Net assets at the end of the fiscal year totaled ¥65,605 million, an increase of ¥5,078 million from the end of the previous fiscal year. The main factors were an increase in retained earnings of ¥5,179 million, which reflected ¥6,098 million profit attributable to owners of parent after cash dividends paid of ¥919 million, an increase of ¥320 million for remeasurements of defined benefit plans, and a decrease of ¥400 million for the purchase of treasury shares.

#### (3) Analysis of cash flows

As of March 31, 2021, the balance of cash and cash equivalents (hereafter, "cash") stood at ¥8,803 million, a decrease of ¥2,848 million year on year. The followings are the cash flow status under review and the factors during the fiscal period.

##### *Cash flows from operating activities:*

Operating activities provided net cash of ¥185 million, an increase of ¥607 million compared with net cash used of ¥422 million in the previous fiscal year. This mainly reflected the difference between cash provided from profit before income taxes, depreciation and increase in accounts payable – trade on the one hand, and cash used for increase in notes and accounts receivable – trade, increase in inventories and income taxes paid on the other.

##### *Cash flows from investing activities:*

Investing activities used net cash of ¥3,181 million, an increase of ¥507 million compared with net cash used of ¥2,674 million in the previous fiscal year. This was mainly due to cash used for the purchase of property, plant and equipment related to the installation and upgrade of equipment at the Group's plants, outweighing proceeds from sales of property, plant and equipment.

#### Cash flows from financing activities:

Financing activities provided net cash of ¥261 million, a decrease of ¥6,586 million compared with net cash provided of ¥6,848 million in the previous fiscal year. This primarily reflected cash provided from an increase in loans payable and cash used for the purchase of treasury shares and cash dividends paid.

#### (Reference) Trend in cash flow indicators

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Shareholders' equity ratio	73.8	70.5	72.8	63.9	62.8
Shareholders' equity ratio on a market value basis	54.3	64.2	45.3	35.3	50.9
Ratio of interest-bearing debt to cash flow	6.2	—	1.2	—	93.2
Interest coverage ratio	24.4	—	111.2	—	2.6

(Notes) Shareholders' equity ratio: Shareholders' equity/total assets

Shareholders' equity ratio on a market value basis: Total market value of shares/total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/interest paid

\* All the indicators are calculated using consolidated financial figures.

\* The total market value of shares is calculated as the product of the share price and the number of issued shares, excluding treasury shares, at the end of the fiscal year.

\* Cash flows from operating activities is the cash flows from operating activities shown in the consolidated statements of cash flows.

Interest-bearing debt is the total amount of debt shown in the consolidated balance sheets on which interest is paid. In addition, interest paid is the amount of interest paid shown in the consolidated statements of cash flows.

\* The ratio of interest-bearing debt to cash flow and the interest coverage ratio for FY3/18 and FY3/20 are not provided since cash flows from operating activities were negative.

\* Effective from the start of the fiscal year ended March 31, 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). After adopting the new standard, the Company also retroactively applied it to financial indicators for the fiscal year ended March 31, 2018 and prior fiscal years.

#### (4) Future outlook

##### Consolidated earnings projections (millions of yen) [year-on-year comparison]

Net sales	230,000	[	-1,559	-0.7%	]
Operating profit	8,200	[	+161	+2.0%	]
Ordinary profit	8,600	[	+230	+2.8%	]
Profit attributable to owners of parent	6,100	[	+1	+0.0%	]

The Company expects the COVID-19 situation to improve gradually as the vaccine program expands, but the outlook is likely to remain unclear, as there are no clear indications for how and when the pandemic will be brought under control and the economic impact of US-China trade tension remains a concern.

Against that backdrop, the precious metals business segment aims to maintain and expand its business by strengthening and improving the efficiency of sites in Japan and overseas to increase its competitiveness, mainly in the electronics sector, its key customer market. In addition, the food business segment will work to steadily improve earnings by addressing changes in demand patterns caused by the COVID-19 pandemic, accurately match marketing activities to customer needs, and stand out in the market by developing and providing products as a stable supplier of safe and reliable food products, supported by the use of overseas business sites.

The Company's net sales forecast for FY3/22 reflects the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), which the Company expects to apply from the start of FY3/22. The impact of the new accounting standard on operating profit, ordinary profit and profit attributable to owners of parent is minimal.

#### (5) Basic policy on distribution of profits and dividends for FY3/21 and FY3/22

The Company's basic policy on distribution of profits is to meet shareholder expectations by continuing to pay stable dividends while ensuring sufficient internal reserves to invest in growth.

Based on this policy, the Company plans to pay a year-end ordinary dividend of ¥20 per share. In combination with the interim dividend, dividends for the full fiscal year are expected to be ¥38 per share.

For the fiscal year ending March 31, 2022, the Company plans to raise the dividend to ¥42 per share, comprising an interim dividend of ¥21 and a year-end dividend of ¥21. The Company will continue to distribute profits to its

shareholders in a comprehensive way according to the operating results.

## **2. Basic stance on selection of accounting standards**

For the time being, the Group intends to continue preparing consolidated financial statements based on Japanese Generally Accepted Accounting Principles (Japanese GAAP) to facilitate comparison with financial statements for other periods and financial statements disclosed by other companies. However, the Group will look into the possibility of adopting International Financial Reporting Standards (IFRS), taking into account conditions in Japan and overseas and trends in accounting standard adoption by other companies.

### 3. Consolidated financial statements and related notes

#### (1) Consolidated balance sheets

(millions of yen)

	FY3/20 (March 31, 2020)	FY3/21 (March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	11,652	8,803
Notes and accounts receivable – trade	19,936	23,901
Merchandise and finished goods	23,135	26,578
Work in process	423	536
Raw materials and supplies	8,062	11,266
Accounts receivable – other	1,123	1,449
Others	4,134	4,073
Allowance for doubtful accounts	(68)	(128)
<b>Total current assets</b>	<b>68,398</b>	<b>76,482</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,238	12,182
Accumulated depreciation	(5,450)	(5,729)
Buildings and structures, net	5,788	6,452
Machinery, equipment and vehicles	9,237	11,469
Accumulated depreciation	(7,589)	(8,288)
Machinery, equipment and vehicles, net	1,647	3,180
Land	8,938	8,736
Leased assets	1,826	1,814
Accumulated depreciation	(771)	(858)
Leased assets, net	1,054	955
Construction in progress	1,124	612
Others	1,414	1,458
Accumulated depreciation	(1,089)	(1,188)
Others, net	324	270
<b>Total property, plant and equipment</b>	<b>18,878</b>	<b>20,209</b>
Intangible assets		
Others	579	515
<b>Total intangible assets</b>	<b>579</b>	<b>515</b>
Investments and other assets		
Investment securities	4,406	4,947
Deferred tax assets	665	499
Others	1,597	1,642
Allowance for doubtful accounts	(18)	(30)
<b>Total investments and other assets</b>	<b>6,651</b>	<b>7,058</b>
<b>Total non-current assets</b>	<b>26,110</b>	<b>27,783</b>
<b>Total assets</b>	<b>94,509</b>	<b>104,265</b>

(millions of yen)

	FY3/20 (March 31, 2020)	FY3/21 (March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	7,898	9,744
Short-term loans payable	7,023	9,007
Current portion of long-term loans payable	1,268	1,488
Lease obligations	365	407
Income taxes payable	1,398	1,708
Provision for bonuses	918	976
Accounts payable - other	1,133	1,564
Others	4,163	4,448
<b>Total current liabilities</b>	<b>24,168</b>	<b>29,343</b>
Non-current liabilities		
Long-term loans payable	6,040	5,827
Lease obligations	733	566
Deferred tax liabilities	9	36
Provision for directors' retirement benefits	670	701
Provision for executive officers' retirement benefits	11	18
Net defined benefit liability	2,301	2,137
Others	47	28
<b>Total non-current liabilities</b>	<b>9,813</b>	<b>9,315</b>
<b>Total liabilities</b>	<b>33,982</b>	<b>38,659</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	56,069	61,248
Treasury shares	(3,010)	(3,411)
<b>Total shareholders' equity</b>	<b>60,626</b>	<b>65,404</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	423	617
Deferred gains or losses on hedges	(164)	(70)
Foreign currency translation adjustments	990	671
Remeasurements of defined benefit plans	(1,447)	(1,127)
<b>Total accumulated other comprehensive income</b>	<b>(197)</b>	<b>89</b>
Non-controlling interests	98	111
<b>Total net assets</b>	<b>60,527</b>	<b>65,605</b>
<b>Total liabilities and net assets</b>	<b>94,509</b>	<b>104,265</b>

(2) Consolidated statements of income and comprehensive income  
(Consolidated statements of income)

	(millions of yen)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Net sales	210,976	231,559
Cost of sales	188,803	207,088
Gross profit	22,173	24,471
Selling, general and administrative expenses	15,931	16,433
Operating profit	6,241	8,038
Non-operating income		
Interest income	16	6
Dividend income	29	27
Share of profit of entities accounted for using equity method	106	289
Purchase discounts	11	12
Insurance claim income	42	7
Compensation income	32	—
Foreign exchange gains	—	21
Others	71	66
Total non-operating income	310	430
Non-operating expenses		
Interest expenses	72	69
Foreign exchange losses	50	—
Loss on retirement of non-current assets	9	17
Others	33	12
Total non-operating expenses	166	99
Ordinary profit	6,384	8,369
Extraordinary income		
Gain on sales of land	—	336
Total extraordinary income	—	336
Extraordinary losses		
Impairment loss	118	—
Total extraordinary losses	118	—
Profit before income taxes	6,266	8,706
Income taxes – current	2,199	2,661
Income taxes – deferred	5	(68)
Total income taxes	2,205	2,592
Profit	4,061	6,113
Profit attributable to non-controlling interests	15	15
Profit attributable to owners of parent	4,046	6,098

(Consolidated statements of comprehensive income)

	(millions of yen)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Profit	4,061	6,113
Other comprehensive income		
Valuation difference on available-for-sale securities	(161)	193
Deferred gains or losses on hedges	(207)	96
Foreign currency translation adjustment	154	(337)
Remeasurements of defined benefit plans	(1,435)	321
Share of other comprehensive income (loss) of entities accounted for using equity method	(10)	11
Total other comprehensive income (loss)	(1,660)	285
Comprehensive income	2,401	6,398
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,382	6,385
Comprehensive income attributable to non-controlling interests	19	13

(3) Consolidated statements of changes in shareholders' equity  
FY3/20 (April 1, 2019 – March 31, 2020)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	3,559	4,008	52,865	(3,010)	57,422
Change of items during the period					
Dividends from surplus			(842)		(842)
Profit attributable to owners of parent			4,046		4,046
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	3,203	(0)	3,203
Balance at the end of the period	3,559	4,008	56,069	(3,010)	60,626

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	585	41	855	(15)	1,466	79	58,968
Change of items during the period							
Dividends from surplus							(842)
Profit attributable to owners of parent							4,046
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(161)	(206)	135	(1,432)	(1,664)	19	(1,644)
Total change of items during the period	(161)	(206)	135	(1,432)	(1,664)	19	1,558
Balance at the end of the period	423	(164)	990	(1,447)	(197)	98	60,527

FY3/21 (April 1, 2020 – March 31, 2021)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	3,559	4,008	56,069	(3,010)	60,626
Change of items during the period					
Dividends from surplus			(919)		(919)
Profit attributable to owners of parent			6,098		6,098
Purchase of treasury shares				(400)	(400)
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	5,179	(400)	4,778
Balance at the end of the period	3,559	4,008	61,248	(3,411)	65,404

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	423	(164)	990	(1,447)	(197)	98	60,527
Change of items during the period							
Dividends from surplus							(919)
Profit attributable to owners of parent							6,098
Purchase of treasury shares							(400)
Net changes of items other than shareholders' equity	193	93	(319)	320	287	13	300
Total change of items during the period	193	93	(319)	320	287	13	5,078
Balance at the end of the period	617	(70)	671	(1,127)	89	111	65,605

## (4) Consolidated statements of cash flows

	(millions of yen)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,266	8,706
Depreciation	1,576	2,146
Impairment loss	118	—
Increase (decrease) in allowance for doubtful accounts	67	72
Increase (decrease) in provision for bonuses	99	58
Increase (decrease) in net defined benefit liability	75	295
Increase (decrease) in provision for directors' retirement benefits	5	33
Increase (decrease) in provision for executive officers' retirement benefits	(32)	6
Interest and dividend income	(45)	(33)
Interest expenses	72	69
Share of (profit) loss of entities accounted for using equity method	(106)	(289)
Loss (gain) on sales of land	—	(336)
Decrease (increase) in notes and accounts receivable – trade	657	(4,045)
Decrease (increase) in accounts receivable – other	(360)	(328)
Decrease (increase) in inventories	(7,373)	(6,845)
Increase (decrease) in accounts payable – trade	(343)	1,918
Increase (decrease) in accounts payable – other	145	489
Others	336	597
Subtotal	1,158	2,515
Interest and dividend income received	55	82
Interest paid	(72)	(70)
Income taxes paid	(1,564)	(2,341)
Net cash provided by (used in) operating activities	(422)	185
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,522)	(3,466)
Proceeds from sales of property, plant and equipment	2	472
Purchase of intangible assets	(115)	(133)
Purchase of investment securities	(45)	(12)
Proceeds from sales of investment securities	30	4
Others	(23)	(45)
Net cash provided by (used in) investing activities	(2,674)	(3,181)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	3,974	1,958
Proceeds from long-term loans payable	5,000	1,500
Repayments of long-term loans payable	(927)	(1,493)
Cash dividends paid	(842)	(919)
Purchase of treasury shares	(0)	(400)
Others	(356)	(384)
Net cash provided by (used in) financing activities	6,848	261
Effect of exchange rate change on cash and cash equivalents	84	(113)
Net increase (decrease) in cash and cash equivalents	3,835	(2,848)
Cash and cash equivalents at beginning of period	7,816	11,652
Cash and cash equivalents at end of period	11,652	8,803

(5) Notes on consolidated financial statements

(Notes on premise of a going concern)

There is nothing to report.

(Unapplied accounting standards, etc.)

- “Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 29, March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2020)

(1) Overview

This is a comprehensive accounting standard for revenue recognition.

Revenue recognition is based on the following five steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the separate performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations

Step 5: Recognize revenue when the entity satisfies a performance obligation

(2) Effective date

Effective from the start of the fiscal year ending March 31, 2022

(3) Effects of application of the accounting standard

The Company expects the application of the “Accounting Standard for Revenue Recognition” to increase the start-of-year balance of retained earnings by ¥330 million in FY3/22 due to a cumulative impact on net assets at the start of the fiscal year.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

To facilitate comparison with conventions used in international accounting standards, the ASBJ has developed the “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (“accounting standards for fair value measurement, etc.”) to provide guidance and other information related to the use of fair value measurement. The accounting standards for fair value measurement, etc. will be applied to the following assets:

- Financial instruments included in “Accounting Standard for Financial Instruments”
- Inventory assets held for trading purposes included in “Accounting Standard for Measurement of Inventories”

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised to include notes on the breakdown of financial instruments by value, etc.

(2) Effective date

Effective from the start of the fiscal year ending March 31, 2022

(3) Effects of application of the accounting standard

The Company is currently assessing the impact.

(Segment information, etc.)

### 1. Overview of reportable segments

Reportable segments of the Company are structural units of the Company whose separate financial information is available, and are subject to regular examination by the Board of Directors so that they can decide on allocation of managerial resources and evaluate business performance.

The Company (or Matsuda Sangyo) established operation divisions respectively for products, merchandise and services in the head office. Each division formulates comprehensive domestic and foreign strategies to expand business for the corresponding products, merchandise and services.

The Company thus comprises product, merchandise and service segments built around operation divisions, and the precious metals business segment and food business segment are designated as reportable segments.

The precious metals business segment recovers and refines precious metals, sells precious metal bullions, chemical products, and electronic materials, and collects, transports and processes industrial wastes. The food business segment sells and transports seafood products, agricultural products, livestock products, and other raw materials for food processing.

### 2. Calculation method for net sales, profits/loss, assets, liabilities and other items for each reportable segment

Accounting methods used for each reportable segment follow the accounting methods for the preparation of consolidated financial statements. Profit listed for each reportable segment refers to operating profit. Inter-segment sales/transfers are based on market value.

### 3. Information for net sales, profit/loss, assets, liabilities and other items for each reportable segment

FY3/20 (April 1, 2019 – March 31, 2020)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	130,726	80,250	210,976	—	210,976
Net sales & remittances between segments	—	74	74	(74)	—
Total	130,726	80,325	211,051	(74)	210,976
Segment profit	4,933	1,307	6,241	—	6,241

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments.

2. Total segment profit matches operating profit recorded on the consolidated statements of income.

FY3/21 (April 1, 2020 – March 31, 2021)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	153,087	78,472	231,559	—	231,559
Net sales & remittances between segments	—	78	78	(78)	—
Total	153,087	78,550	231,638	(78)	231,559
Segment profit	6,833	1,204	8,038	—	8,038

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments.
2. Total segment profit matches operating profit recorded on the consolidated statements of income.